

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Competitive Product Price Changes  
Rates of General Applicability

Docket No. CP2015-33

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued February 6, 2015)

To clarify the Postal Service's planned competitive product price adjustments as described by the Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 14-5<sup>1</sup>, the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than February 11, 2015.

Please refer to Governor's Decision No. 14-05, and the Attachment, thereto, at Part B: Competitive Products, containing the draft text of the Mail Classification Schedule (MCS).

1. Pursuant to 39 C.F.R. § 3015 *et seq.*, please provide an explanation and justification for the following changes to the MCS:
  - a. In Section 2105.5, the addition of Special Handling to the list of available Ancillary Services.
  - b. In Section 2110.3, the addition of Permit Imprint only to the minimum volume requirements description for the Commercial Plus Cubic Priority Mail product.

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<sup>1</sup> Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 14-05, January 26, 2015.

2. In Section 2120.6, the price category for Parcel Return Service (PRS) Full Network is eliminated and all information related to PRS Full Network is stricken. However, IMpb Noncompliance Fee, following the PRS Full Network prices table and the stricken “c. Oversized Pieces”, has not been stricken. Please clarify.
3. In Section 2615.5.3, the Postal Service proposes to combine the Outbound International Insurance tables in the MCS for Priority Mail International (PMI) and Priority Mail Express International (PMEI) Merchandise, *e.g.*, MCS Section 2615.5.3a (Priority Mail International Insurance price table), and MCS Section 2615.5.3b (Priority Mail Express International Merchandise Insurance price table).
  - a. In the combined insurance table, please confirm that the PMI Insurance prices are less than current prices presented in the Priority Mail International Insurance price table.
    - i. If not confirmed, please explain.
    - ii. If confirmed, please calculate the Outbound International Insurance percentage change in price for PMI.
  - b. In the combined insurance table PMEI Merchandise Insurance prices for insured values equal to or exceeding \$200 would be greater than current prices in the PMEI Merchandise Insurance price table. Below, Table 1 compares the Outbound International Insurance prices for PMEI Merchandise in the combined table with the select current prices. Please calculate the Outbound International Insurance percentage change in price for PMEI Merchandise.

Table 1		
Priority Mail Express International Merchandise Insurance		
Indemnity Limit Not Over (\$)	NEW Combined Price	Existing PMEI Insurance Price
50	1.55	
100	2.70	
200	3.85	2.35
300	5.00	
400	6.15	
500	7.30	3.85
600	8.45	
700	9.60	
800	10.75	
900	11.90	
Over 900	*	5.35
*11.90 plus 1.15 for each 100.00 or fraction thereof over 900 of insured value.		

- c. Please calculate the average percentage change in price for the International Ancillary Services product as a whole that includes the price changes for PMI Insurance and PMEI Merchandise Insurance.
4. In Section 2315.7, the Postal Service proposes zoned prices based on origin ZIP Code for Priority Mail International (PMI) destined to Canada. For PMI Retail and Commercial, Country Price Group 1 (Canada) is separated into the following zones: 1.1 and 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, and 1.8.
  - a. Please propose language for the MCS describing the qualifying mail for each new zone.
  - b. Please explain the criteria used by the Postal Service to assign ZIP Codes to the referenced zones.

- c. Please identify where in the Postal Service's Notice the ZIP Codes for each of the referenced zones can be found, or provide such ZIP Codes.
5. Sections 2110.5, 2115.5, 2125.5, and 2135.5 propose to remove Restricted Delivery from the list of optional Ancillary Services being offered in conjunction with Priority Mail, Parcel Select, First-Class Package Service, and Standard Post, respectively. Please confirm that the explanation and justification concerning removal of Restricted Delivery described in the Postal Service's Notice of Market Dominant Price Adjustment apply to its removal from the MCS descriptions for the competitive products listed above.<sup>2</sup> If not confirmed, please explain.
6. Sections 2600.2, 2615.3, 2615.3.1, 2615.3.3, 2615.5, 2615.5.1, and 2615.5.3 contain revisions to International Return Receipt and International Insurance. The Postal Service proposes to remove Inbound International Return Receipt and Insurance and offer only Outbound International Return Receipt and Insurance. Please confirm that the explanation and justification concerning the revisions to Outbound and Inbound International Return Receipt and Insurance described in the Postal Service's Notice of Market Dominant Price Adjustment also applies to its revisions to the MCS descriptions for the competitive products listed above.<sup>3</sup> If not confirmed, please explain.

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<sup>2</sup> Docket No. R2015-4, United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015, at 36, 54-55; *see additionally id.* at 33-36.

<sup>3</sup> *Id.* at 55.

7. Pricing information and the percentage increase for Adult Signature and Package Intercept Service were provided by the Postal Service in its financial data filed under seal. However, information on Adult Signature and Package Intercept Service were not included in the forecasted Fiscal Year (FY) 2015 Competitive Product contribution and cost coverage analysis table filed under seal. Are either or both Adult Signature and Package Intercept Service included services within the “Other Ancillary Services” product in the forecasted FY 2015 Competitive Product contribution and cost coverage analysis table filed under seal?
  - a. If yes, please explain why there was no change in projected FY 2015 revenue for “Other Ancillary Services” despite the stated price increase set forth Governors’ Decision No. 14-05. Please make adjustments to the forecasted FY 2015 Competitive Product contribution and cost coverage analysis table filed under seal, if applicable.
  - b. If no, please provide the forecasted FY 2015 revenues, volumes, attributable costs, contribution, and cost coverage for the Competitive Ancillary Services product. In your response, please include all source workpapers. In addition, please explain how the forecasted FY 2015 cost coverage for the Competitive Ancillary Services product complies with 39 U.S.C. § 3622(a)(2).
8. Please explain why there is no change in projected FY 2015 revenue for Address Enhancement Service despite a percentage increase in prices between zero and 4.7 set forth in Governors’ Decision 14-05. Please make adjustments to the forecasted FY 2015 Competitive Product contribution and cost coverage analysis table filed under seal, if applicable.

By the Acting Chairman.

Robert G. Taub